



PROJECT NOTIFICATION

PN Issue Date	20 January 2020
Project Code	20-RP-30-GE-RES-A
Title	Research on Country Diagnostics: Productivity and Its Challenges
Timing and Duration	February–December 2020 (11 months)
Venue	APO Secretariat
Team of Experts	A team of individual and institutional experts working on a research collaboration platform
Closing Date for Nominations	N/A

1. Objectives

The project will produce a stand-alone report with assessments of productivity performance and prospects in individual APO member countries. It aims to achieve the following three main objectives:

- a. To identify the determinants that provide general explanations of productivity performance among APO members;
- b. To assess the strengths and weaknesses of individual countries based on those explanatory determinants; and
- c. To make recommendations for improved productivity performance.

2. Background

Productivity performance varies across APO member countries. Certain general factors could explain at least some of their differences:

- A combination of stage of development and productivity convergence has allowed the relatively high-income countries to generate strong productivity growth in a process of catch-up with world productivity leaders.
- Some countries in the process of catching up may have stalled in the “middle-income trap” and do not have all the necessary resources, such as specific skill requirements, to continue.
- Developing countries may not have the infrastructure or availability of skills to modernize their production processes.
- Lower labor costs in some countries may make it more profitable to continue labor-intensive production methods.
- The industrial structure and reliance on agriculture may limit productivity possibilities.
- Factors affecting global productivity performance, especially the ICT revolution and digitization, may be relevant.
- Productivity performance can also depend on participation in global supply chains.

Apart from these general factors, country-specific reasons may affect immediate productivity determinants, such as capital–labor ratios and choice of technologies. However, it is important to look for deeper explanations so that government efforts to improve long-term productivity performance will have the greatest effect. Relevant underlying determinants may include the educational system, innovation system, infrastructure, quality of institutions, sophistication of the financial system, openness to trade and foreign investment, and development of social capital.

3. Scope and Methodology

Scope

The project will rely on desk research, based on information from the *APO Productivity Databook* and other international sources on underlying determinants as appropriate. The analysis and assessments will cover all APO member countries, although there may be gaps in some categories for a few.

Methodology

A central element of the research will be econometric analyses of factors that explain past growth in groups or subgroups of APO members. Assessments of past productivity performance in individual countries will be based on how they measure up to benchmarks for key productivity determinants and how powerful the determinants are in explaining productivity growth in the APO region.

Recommendations for improvement will consider assessments against benchmarks for productivity determinants. Forecasts of productivity growth could therefore be based on achievement of those benchmark levels.

Step 1: Set the framework for analysis

It will be essential to set a framework of factors generally considered to determine productivity growth. This will establish potential factors affecting productivity performance in APO member countries.

Step 2: Collect data on productivity trends and determinants

The second step will be data collection to identify trends in “headline” variables like GDP per capita, labor productivity, workforce participation and workforce dependency rates, multifactor productivity, capital productivity, and capital deepening. Indicators of the range of productivity determinants will also be collected.

Step 3: Analyze factors affecting performance in APO members

Econometric analysis of the factors affecting productivity performance among member countries will be based mainly on the data collected during step 2. The aim is to establish benchmarks or average relationships across APO member countries to analyze the effectiveness of the determinants in delivering productivity growth.

Step 4: Country reviews

A review of each country will be undertaken, where sufficient information is available, to add context to the estimates of productivity trends and indicators of productivity determinants. A country review will:

- outline productivity trends and the performance of indicators of productivity determinants found in step 2;
- assess where the country stands in terms of the determinants established in step 3;
- identify factors affecting recent productivity performance (both positive and negative) and challenges to improved productivity performance in the future;
- cover policy efforts in place to meet challenges and improve productivity performance; and
- make recommendations on areas for further attention to lift productivity performance.

The country reviews will be undertaken through desk research, which will require assistance from NPOs in providing or suggesting relevant material.

Experts' tasks

- a. Assisting the APO in developing research guidelines and formulating the overall research framework;
- b. Finalizing the research framework and methodology as well as the outline of the report structure and format with the APO;
- c. Conducting the research including data collection (including communicating with the original data owners) and analysis based on the agreed research framework/agenda;
- d. Coordinating with other experts working on the research collaboration platform;
- e. Preparing the final report and submitting it to the APO Secretariat by the deadline; and
- f. Providing guidelines for follow-up activities, i.e., dissemination of the results after research completion.

4. Qualifications of the Chief Expert

The APO will appoint one chief expert for this project to guide and work with the group of experts in undertaking the research. The APO-appointed chief expert must possess the following:

- a. Extensive knowledge of, research experience in, and professional contributions to the area of productivity analysis and policy, with publications in English on the topic;
- b. Experience in undertaking international research projects and dealing with interviewees or data collection from diverse national contexts/institutions;
- c. Excellent English writing and presentation skills, as the final report will be written in English;
- d. Up-to-date skills in handling and analyzing cross-country macroeconomic data including applying appropriate estimation methods to the data;
- e. Strong analytical skills, particularly in drawing conclusions and/or policy recommendations from macroeconomic data and analysis;
- f. Access to an international network of experts in the subject area from the private sector, government, civil society, and academia; and
- g. Strong commitment to undertaking and completing the research project within the given time frame and producing the consolidated analytical report.

5. Financial Arrangements

To be met by the APO

Full honoraria for the chief expert to be paid upon completion of the final research report.

To be met by experts

All implementation costs incurred by experts when conducting the research and related activities not covered by the honoraria.

6. Actions by Member Countries

No specific actions are required.



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Secretary-General